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SUBJECT: NEW MINISTER OF INDUSTRY AND TRADE SHARES HIS PRIORITIES  
WITH THE AMBASSADOR

REF: Hanoi 1731

**¶11.** (SBU) This cable contains biographical information for INR/B in para 14.

**¶12.** (SBU) Summary: New Minister of Industry and Trade Vu Huy Hoang and the Ambassador discussed ways to enhance bilateral trade and investment, such as through a Bilateral Investment Treaty, GVN approval for pending U.S. commercial deals, and implementation of Vietnam's trade obligations. The Ambassador thanked Minister Hoang for recent progress on several outstanding intellectual property rights commitments and encouraged further dialogue on trading rights. The Minister raised the U.S. apparel monitoring mechanism and looked forward to holding a "frank and open" discussion with visiting Assistant Secretary of Commerce David Spooner. After only two months in his new position, the Minister demonstrated a firm grasp of key bilateral issues and appears to be a willing and engaged interlocutor for the U.S. Embassy. End Summary.

A TALE OF TWO MINISTRIES

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**¶13.** (SBU) In his initial courtesy call on September 25, the Ambassador congratulated new Minister of Industry and Trade (MOIT) Vu Huy Hoang on his appointment and solicited his views on the merger of the former Ministries of Industry and Trade into one organization. Minister Hoang commented that the two ministries were merged in the 1950s, and since that time were split and have undergone a series of organizational changes to respond to Vietnam's needs at each stage of its economic development. The GVN decided to combine them once again to align Vietnam's policy making with its increasing integration into the global economy. The two former ministries' responsibilities were closely tied to domestic production and consumption, and through this merger MOIT can better coordinate policy decisions in these areas while focusing increasingly on governance issues, Hoang explained. He noted that other ASEAN members and countries in the region have a similar model.

THE MINISTER'S TOP PRIORITIES

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**¶14.** (U) The Minister stated that his top priorities in the new position are: promoting investment, trade and industrial development; facilitating domestic economic growth; ensuring that the Consumer Price Index (CPI) does not rise too rapidly; focusing additional efforts on economic integration through bilateral and multilateral agreements; and, preparing for the restart of the World Trade Organization's (WTO) Doha Round of negotiations. On the latter issue, he said that Vietnam is currently reviewing two drafts

from the WTO Agriculture and Non-Agriculture Committees, and in principle agrees with the content of each. Hoang also explained that Vietnam hopes that long-established WTO members will not ask new members like Vietnam to agree to commitments beyond those that they negotiated in their own accession agreements. The Ambassador responded that a successful conclusion to the Doha Round is something we all hope to achieve soon.

#### BILATERAL INVESTMENT TIES

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¶ 15. (SBU) Minister Hoang agreed with the Ambassador that our trade and commercial relationship is very strong and he looks forward to working with the Ambassador to broaden and deepen our ties. Foremost among his bilateral priorities, the Minister said, is his desire to see a "significant increase" in U.S. investment in Vietnam. The Ambassador remarked that this will be important to attract more capital, as well as to promote technology transfer and create additional education and training opportunities.

¶ 16. (SBU) Hoang told the Ambassador that he discussed launching exploratory talks for a Bilateral Investment Treaty (BIT) with U.S. Trade Representative Susan Schwab during their meeting earlier in September at the APEC Summit in Sydney. Deputy Prime Minister/Foreign Minister Pham Gia Khiem also discussed this issue in Sydney with Secretary Rice, he said. Hoang supports the launch of talks to explore further investment promotion opportunities between the two countries through a BIT.

#### INCREASING AND BALANCING BILATERAL TRADE

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¶ 17. (U) The Ambassador pointed to the U.S.-Vietnam Bilateral Trade Agreement (BTA), Vietnam's WTO accession, the granting of Permanent

HANOI 00001756 002 OF 003

Normal Trade Relations (PNTR) for Vietnam and the recently-signed Trade and Investment Framework Agreement (TIFA) as signs of how rapidly and successfully our trade relationship has developed in recent years. Encouraging further improvement of Vietnam's regulatory system and investment climate to broaden and deepen that relationship is a top priority of his tenure, the Ambassador remarked.

¶ 18. (SBU) While Vietnam has been very successful in exporting to the United States, U.S. exports to Vietnam have been much lower, the Ambassador said. He told the Minister that he will focus on promoting U.S. goods and services exports during his tenure in an effort to improve the balance in our trade relationship. One quick and simple way to accomplish this, while also increasing U.S. investment here, would be for Vietnam to buy Boeing aircraft and approve licenses for U.S. companies such as AES, Gannon, Motorola and Sikorsky, the Ambassador continued. Positive responses to these companies' business proposals would also have social benefits for Vietnam, including increased education and training opportunities.

¶ 19. (SBU) Minister Hoang responded that a number of Vietnamese firms accompanied Prime Minister Dzung to New York this week in hopes of negotiating and signing agreements with their U.S. counterparts. He said that both governments should work to facilitate trade and investment opportunities such as these by working mutually to remove trade barriers and minimize burdensome regulations. Hoang noted that in spite of the current trade imbalance, Vietnam's exports to the United States were "small compared to other countries' exports to the United States" and he hopes to see exports increase significantly while he is Minister.

#### PROGRESS IN UPHOLDING ITS COMMITMENTS

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¶ 10. (SBU) The United States is closely monitoring Vietnam's implementation of its WTO commitments, the Ambassador said. He thanked the Minister for his government's assistance in providing the United States with a new draft circular on criminal remedies for commercial scale intellectual property rights (IPR) violations. The Office of the United States Trade Representative (USTR) is now

reviewing a translated version of the draft, he explained, and will provide comments to the GVN drafters. The Ambassador also thanked the GVN for its help in getting the state-owned digital terrestrial television content provider VTC to cease illegally transmitting U.S. broadcast content without a license. This is a "significant achievement," he said.

¶111. (SBU) The Minister smiled knowingly as the Ambassador raised a third issue - trading and distribution rights. The Ambassador explained his understanding that USTR's Director for Southeast Asia David Bisbee had productive discussions with MOIT officials during his September 17-19 visit which helped provide a better understanding of the regulation. He expressed the hope that this dialogue will continue. Hoang reported that the Ministry has received a number of comments from businesses and other interested parties and is working with its GVN counterparts to take these comments into "serious consideration."

#### APPAREL MONITORING MECHANISM

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¶112. (SBU) The Minister raised the U.S. Department of Commerce's apparel monitoring mechanism, referring to it as a "problem" in our trade relationship that he hopes to see abolished. He commented that he was looking forward to holding a "frank and open" discussion with visiting Commerce Assistant Secretary for Import Administration David Spooner during their September 26 meeting in Hanoi (see Reftel). He hoped the exchange would help the two sides better understand their respective positions on this issue. Commerce Secretary Carlos Gutierrez's November visit will be another

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opportunity to discuss the mechanism, the Minister continued.

#### BIOGRAPHIC INFORMATION/COMMENT

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¶113. (SBU) The new Minister spoke clear English in informal conversations before and after the official meeting, but used Vietnamese and relied on interpretation during the meeting. He spent five years in East Germany, and speaks German well. Prior to his appointment as Minister, Hoang served as Party General Secretary in Lang Son Province. Before that he was Chairman of the People's Committee in Ha Tay Province after serving as Vice Minister of Planning and Investment. Some contacts were surprised to see Hoang appointed as Minister because he has not worked in either the

HANOI 00001756 003 OF 003

Ministry of Trade or the Ministry of Industry. Nevertheless, the new Minister is apparently a quick study as he demonstrated a firm grasp of the key bilateral issues during the meeting. He has thus far accepted all of the Embassy's meeting requests - three in the last week - and appears to be a willing and engaged interlocutor on bilateral trade and investment issues.

MICHALAK